

Message Text

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45

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

SWF-02 SS-20 L-03 NSC-07 TAR-02 DRC-01 H-03 SSO-00

NSCE-00 INRE-00 EURE-00 PA-04 PRS-01 USIE-00 /171 W

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O R 211424Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 1219

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS IMMEDIATE

USMISSION GENEVA

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DEPT. PLEASE PASS AGRICULTURE

E.O. 11652: GDS

TAGS: EAGR, GW

SUBJECT: PROPOSED CAP ON SOYBEANS

REF: (A) EC BRUSSELS 1513; (B) LONDON 03099;
(C) STATE 194296; (D) STATE 238360; (E) STATE
246673; (F) STATE 041383; (G) BONN 14387; (H)
BONN 15182

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1. THE AMBASSADOR, DURING MARCH 20 CALL ON STATE

SECRETARY FRANK OF THE FONOFF, MADE STRONG PRESENTATION OF US VIEWS ON SOYBEANS, POINTING OUT THAT MEETING OF EEC AGRICULTURAL MINISTERS ON MARCH 21-22 UNDERLINED THE URGENCY OF THIS ISSUE. THE AMBASSADOR NOTED THAT US DID NOT OPPOSE SOYBEAN PRODUCTION BY EC MEMBERS PER SE, BUT THAT WE HAD THE STRONGEST OBJECTION TO THE PAYMENT OF SUBSIDIES, WHICH WE REGARDED AS AN IMPAIRMENT OF OUR GATT BINDINGS. SHOULD SUBSIDIZED PRODUCTION BE INITIATED, WE WOULD HAVE TO TAKE PROTECTIVE MEASURES TO RESTORE THE BALANCE OF CONCESSIONS. THE AMBASSADOR LEFT A COPY OF TALKING POINTS WITH FRANK, WHICH SET FORTH IN DETAIL THE US POSITION ON THE SUBSTANTIVE AND LEGAL SITUATION.

2. FRANK EXPRESSED APPRECIATION FOR CLARITY OF PRESENTATION, THEN CALLED ON LOECK (HEAD OF FONOFF DIVISION WHICH DEALS WITH EC TRADE AND AGRICULTURE POLICY) TO COMMENT. LOECK SAID THE FRENCH WERE PRESSING FOR A SOYBEAN PROGRAM--SUCH CULTIVATION AS WAS POSSIBLE IN EUROPE WOULD MOSTLY BE IN SOUTHERN FRANCE--AND NOTED THAT THE EC COMMISSION FAVORED A PROGRAM BECAUSE OF EUROPE'S DIFFICULT POSITION IN THE PROTEIN SECTOR. ANY PROGRAM WOULD BE VERY SMALL. THE 100,000 TONS (MAXIMUM) THAT MIGHT BE PRODUCED IN FRANCE WOULD ONLY COVER ONE THIRD OF THE ANNUAL INCREASE IN EC CONSUMPTION OF SOYBEANS.

3. THE FRG, LOECK SAID, OPPOSED AN EC SOYBEAN PROGRAM, IN PART BECAUSE IT REGARDED SOYBEAN PRODUCTION IN EUROPE AS BEING OF MARGINAL ECONOMIC UTILITY, BUT ALSO, AND MORE IMPORTANTLY, BECAUSE IT DID NOT WANT A MATTER OF TRIVIAL VALUE TO THE EUROPEANS TO BECOME A SERIOUS BONE OF CONTENTION BETWEEN THE EC AND US. THE FRG WOULD TAKE THIS POSITION DURING THE BRUSSELS MEETINGS, RECOGNIZING THAT IT COULD CREATE PROBLEMS. THE MINISTERS WOULD FIND THEMSELVES IN A DIFFICULT POSITION IF THE FRENCH DECIDED TO MAKE A STICKING POINT OF THE SOYBEAN PROGRAM, AND IT WAS NOT CLEAR AT PRESENT JUST HOW FAR THE FRENCH WOULD GO IN THIS DIRECTION. LOECK (EVIDENTLY IMPLYING HOPE FOR A COMMON FRONT OF OTHER EC LIMITED OFFICIAL USE

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MEMBERS AGAINST FRANCE ON THE SOYBEAN ISSUE) SAID HE ASSUMED THE US HAD MADE SIMILAR DEMARCHES IN OTHER EC CAPITALS.

4. FRANK MADE A SPECIAL POINT OF TELLING LOECK THAT HE WANTED IT TO BE CLEAR TO THE FRG DELEGATION IN BRUSSELS THAT THE US HAD MADE A DEMARCHE AND HAD STRONG VIEWS ON THIS SUBJECT. FRANK NOTED THAT LARGE MEETINGS AT

MINISTERIAL LEVEL HAD A WAY OF GETTING OUT OF CONTROL
AND IMPORTANT ISSUES, SUCH AS THE PRESENT ONE, SOMETIMES
GOT LOST IN THE GENERAL HORSE-TRADING ON AGRICULTURAL
PRICES. FRANK UNDERTOOK HIMSELF TO CALL AGRICULTURE
MINISTER ERTL'S OFFICE.
HILLENBRAND

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